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IN THE

Supreme Court of the United States

October Term, 1956

No. 693

ALVIN M. MARKS,

Petitioner,

—v.—

POLAROID CORPORATION,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT AND APPENDIX

FLOYD H. CREWS
405 Lexington Ave.
New York 17, N. Y.
Attorney for Petitioner

DARBY & DARBY
HARVEY W. MORTIMER
405 Lexington Avenue
New York 17, N. Y.
Counsel for Petitioner

LAWYERS PRESS, INC., 214 William St., N. Y. C. 38; 'Phone: BEekman 3-2300

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ALVIN M. MARKS,

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POLAROID CORPORATION,

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PETITION FOR WRIT OF CERTIORARI TO UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT AND APPENDIX

Petitioner (herein called Alvin M. Marks) respectfully prays for a Writ of Certiorari to the United States Court of Appeals for the First Circuit, to review a judgment of that Court entered September 26, 1956 (Petition for Rehearing denied October 18, 1956), affirming a judgment of the United States District Court for the District of Massachusetts (Judge Sweeney) holding certain claims of three patents owned by Respondent (herein called Polaroid) to be valid, infringed, and enforceable.

Opinions Below

Judge Sweeney's Opinion, including Findings of Fact and Conclusions of Law, appears at R. 207a and is reported at 129 F. Supp. 243; 105 USPQ 10; and at 45 T.M. Rep. 665 The judgment appears at R. 266a.

The opinion of the Court below appears at page 1a herein and is reported at 237 F. 2d (Adv.) 428 and at 111 USPQ (Adv.) 60. The judgment appears at page 20a herein.

Jurisdiction

The judgment of the Court below was entered September 26, 1956 (p. 20a herein).

Petition for rehearing was filed October 11, 1956, and was denied October 18, 1956 (p. 20a herein).

There has been no extension of time for filing this Petition.

The jurisdiction of this Court is invoked under 62 Stat. 928, 28 U. S. C. (1952 Ed.) 1254 (1); 63 Stat. 104, 28 U. S. C. (1952 Ed.) 2101 (c); and under Rule 22 (3) of the Rules of this Court.

Jurisdiction of the District Court was invoked by Petitioner under 62 Stat. 931, 28 U. S. C. (1952 Ed.) Supp. II, Vol. I, 1338 (a).

Jurisdiction of the Court of Appeals was invoked under 62 Stat. 929, 28 U. S. C. (1952 Ed.) 1292 (4).

Reasons Relied on for Granting Writ

1. There is little likelihood of further litigation on the patents, which completely dominate an entire industry.

2. There is a conflict in principle with decisions of this Court as to "factually untrue" representations to the Patent Office in obtaining a patent.

3. There is a direct conflict with decisions of this Court as to misuse of patents.

4. There is a conflict between Circuits on an important question which has not been, but should be, decided by this Court: the personal liability of an officer of a corporation for its infringement of a patent.

The Questions Presented

The questions presented, stated affirmatively, are:

1. Patent validity may not be predicated on the choice of a new descriptive term to describe the prior art.

2. Where the sole novelty in a patent is in the use of the words "rubber-elastic" to describe the state of a plastic during stretching (the plastic having been previously stretched in the same state, in the same manner, for the same purpose, and with the same result, without using that expression to describe the state), the patentee may not overcome prior invention by another by a disclosure which directly contradicts the sole novel feature—that is, a disclosure that the plastic should be stretched when not "very elastic" or not "unduly elastic."

3. Where a representation to the Patent Office which is "factually untrue" results in the allowance of claims, all claims in the application having been theretofore rejected, the patent thus obtained is invalid and unenforceable.

4. It is misuse of a patent on polarizing material to sell spectacles having polarizing lenses made of the patented material, and prohibit their use, or resale for use, in admission-charging theatres.

5. There is no personal liability for patent infringement on the part of a corporate officer unless he participated in the infringement otherwise than through the usual relations between officer and corporation.

Statutes Involved

The statutes involved in this case are as follows:

35 U. S. C. 101 (66 Stat. 797)
35 U. S. C. 102 (66 Stat. 797)
35 U. S. C. 103 (66 Stat. 798)
35 U. S. C. 271 (66 Stat. 811)

and are set out in the Appendix hereto.

Statement of the Case

Depix Corporation and Alvin M. Marks sued Polaroid for infringement of two patents owned by Alvin M. Marks under which Depix Corporation was a limited exclusive licensee.

Polaroid counterclaimed for infringement of four patents by both plaintiffs, for trademark infringement, and for unfair competition.

The Reply asked for declaratory judgment of invalidity of all four of Polaroid's patents.

Judge Sweeney dismissed the complaint for invalidity or non-infringement. He also dismissed Polaroid's counterclaim as to trademark infringement and unfair competition. During the trial the charge of infringement of one Polaroid patent (Hyman & West Reissue 22,397) was withdrawn, but this patent was held invalid on Plaintiffs' Reply prayer for declaratory relief.

Polaroid took no appeal.

Depix Corporation did not perfect its appeal, and it was dismissed.

The only questions in issue before the Court of Appeals, therefore on the appeal of Alvin M. Marks, related to the following three patents:

Land No. 2,454,515 filed October 29, 1938, issued November 23, 1948 (R. 381a);

Land No. 2,328,219 filed January 8, 1943 (as a division of Patent 2,454,515 which was filed October 29, 1938), issued August 31, 1943 (R. 371a);

Land No. 2,237,567 filed May 4, 1939 (as a continuation in part of patent 2,454,515) issued April 8, 1941 (R. 365a).

The Court below affirmed the following holdings with respect to Polaroid's three patents remaining in issue before it:

Land No. 2,454,515—Claims 11, 17, 18 valid;

Claim 12, invalid;

Claim 11, not infringed;

Claims 17 and 18, infringed by Depix Corporation but not by Alvin M. Marks.

Land No. 2,328,219—Claims 1 to 6, 17 to 20, 22 and 24, valid;

Claims 17, 18, 19, not infringed;

Claims 1 to 6, 20, 22 and 24, infringed by Depix Corporation but not by Alvin M. Marks.

Land No. 2,237,567—Claims 1, 2, 5, 7, 8, 9, 18 valid, and infringed by Depix Corporation but not by Alvin M. Marks.

Judge Sweeney held Alvin M. Marks, the individual plaintiff, liable for the infringement by Depix Corporation, and this was affirmed by the Court of Appeals.

Subject Matter

The patents in suit relate to polarizing material made from long rolls of transparent plastic sheeting. The pat-

ented method, used by Polaroid to make its polarizing material, was described by Judge Sweeney and his description was quoted by the Court below on page 7a herein.

The method is that the plastic sheet is heated, stretched, affixed to an unstretched backing of another plastic, floated on the surface of a bath containing iodine solution, and run through a bath of boric acid.

The Depix Corporation's structures accused of infringement are 10-cent throwaway spectacles used for viewing three dimensional (3-D) motion pictures. The lenses are made from polarized plastic. The polarized plastic is made, as described by Judge Sweeney at R. 248-250a, by squirting a fluid containing polyvinyl alcohol solution and iodine solution onto the vertical surface of a glass plate which is revolving slowly on a horizontal axis. As the plate revolves solvent is evaporated by heat lamps until the deposited liquid is in plastic state. The plastic is then stretched 3 to 4 times (R. 250a) and affixed to an unstretched backing of another plastic and dried during a long traverse through a drying tower.

Depix Corporation and Polaroid were in competition in the sale of throw-away viewers to motion picture theatres. An injunction against the plaintiffs was ordered by Judge Sweeney and is still in effect, not having been stayed pending the appeal.

Decisions Below

The Court below affirmed Judge Sweeney in holding the '515 and '219 patents in suit to be completely anticipated except for the use of the magic words "rubber-elastic" to describe the state in which the plastic is stretched. The Court said (pp. 8-9a):

> "The District Court found that Land was not the first broadly to teach the art how to manufacture this kind

of polarizer. Analyzing the references it found that others prior to Land had taught how to make polarizers by stretching the same kind of materials used by Land, i.e. transparent linear high polymers, to orient their needle-shaped molecules to substantial parallelism, and staining the material at some stage of the process with the same materials suggested by Land, i.e. direct cotton dyes, iodine or metallic elements. But it found that the 'key' to the Land invention covered by these two patents lay in the disclosure of putting the various plastic materials employed in a 'rubber-elastic' state and while in that state stretching them 'to the limit of their extension.' It found that Land treated 'as critical and the secret to making better polarizers of this kind both a reduction of the polymeric material to a particular state or condition of physical behavior prior to stretch and a particular type of stretch while in this state.' This, it found, had not been taught or clearly suggested in the references and constituted an advance over the prior art which amounted to invention. Wherefore, finding that invention lay in these two features alone ('rubber-elastic' state and stretch to 'limit of extension') it held valid only the claims in issue drawn in such a way as to include one or both of these features, either expressly or by necessary implication."

and at 13a:

"The art before Land, as we have already mentioned, knew that stretching transparent linear high polymeric material tended to align its long thin molecules, that the greater the stretch the more substantial the parallelism of the molecules became, that with the alignment of the molecules the material became birefringent, and if it was colored at some stage of the stretching process with a kind of dye which substantially absorbed the light vibrations in one plane, the material became dichroic, that is, a polarizer. **Some of the references are certainly close but we do not read the art prior to Land as clearly teaching or directly indicating the importance or value of stretching in any given state,**

> **although perhaps stretch 'to the limit of extension' may have been foreshadowed."** (Emphasis added.)

With respect to the magic words "rubber-elastic," the Court further said, at page 12a:

> "We think the term 'rubber-elastic' rather happily describes a perfectly recognizable state in which plastics may either exist commercially or be put by the application of heat or the use of solvents called plasticizers."

The plastic which is polarized to make the lenses for the accused viewers is polyvinyl alcohol (R. 250a). Only the later-filed '567 patent specifically mentions polyvinyl alcohol. The '567 patent (R. 365a) omits any mention of "rubber-elastic"(except a reference to the fact that that is a condition mentioned in the '515 patent), and expressly teaches that the stretch may be anywhere "from two and one-half to eight times its original length" (R. 367a, col. 2, l. 44). The Court below said with respect to this patent, at page 14a:

> "In this patent no claim is made of stretching in the 'rubber-elastic' state to the 'limit of extension.'"

Thus, validity of the '515 and '219 patents was predicated on the invention of a new term which describes the prior art and which is "happily" descriptive thereof.

Validity of the '567 patent was predicated on the specific newly-discovered (p. 14a; R. 22-23a) plastic named (polyvinyl alcohol), although not even alleged to be treated any differently from the prior art in any respect.

The Court below made the error of giving Polaroid a complete monopoly of all stained plastic polarizers then known or which might later be discovered (R. 11-14a, 20a, 24-25a, 82a, 99-100a) simply because the newly discovered polyvinyl alcohol turned out to be commerically useful,

producing a better polarizer than previously known plastics when treated in the same manner. Polyvinyl alcohol was invented in Germany (R. 22a) and Land had never seen it when the '515 application was filed (R. 23a; R. 10a, Exh. 3). Yet each of the first two patents ('515 and '219), under the decision below, monopolizes more than 200,000 polyvinyl compounds (R. 100a), including polyvinyl alcohol, as well as all other workable plastics (R. 20a), and the third one specifically monopolizes polyvinyl alcohol.

The Patents Obtained by the "Factually Untrue" Representations to the Patent Office

Polaroid was unable to get any claims allowed in the '515 and '567 applications until it made representations to the Patent Office which Judge Sweeney held to be "factually untrue." The immediate and direct result of the representations was the allowance of claims in both applications.

The Patent Office cited art against, and rejected all claims in the '515 and '567 applications. (The divisional '219 patent had not yet been filed.) Following these rejections, Polaroid made directly contradictory representations to the Patent Office in the two applications (R. 36-37a, 40-41a). In the '567 application the Patent Office was told that a dichroic ratio of 2½ to 1 was the best that could be obtained with cellophane, and that a patent should therefore be allowed on polyvinyl alcohol, with which a dichroic ratio of 25 to 1 could be obtained (R. 36-37a). In the '515 application the Patent Office was told that a dichroic ratio of 25 to 1 could be obtained with cellophane (R. 40-41a), and that a patent including cellophane should be allowed. Judge Sweeney held at least one of these representations to be "factually untrue" without identifying which one (R. 254a). Thereupon, in the next Office Action, eleven claims were allowed in the '515 patent and all eighteen claims were allowed in the '567 patent. Judge Sweeney held (R. 254a):

> "But from a broad consideration of the file wrapper of the patent as a whole, I believe that the statement complained of, although **factually untrue**, was not the result of a deliberate attempt to falsely represent the facts. I find that it did not deceive or mislead the Examiner in his consideration of the patentability of the application pending before him." (Emphasis added.)

The Court of Appeals attributed Judge Sweeney's "factually untrue" finding to the '515 representation, and said, at page 17a:

> "An examination of the record appendixes and arguments of Counsel leads us to the conclusion that the District Court's conclusion is supported by substantial evidence and is quite correct."

With respect to the '567 representation the Court of Appeals held that "in context the statement was not false" (p. 17a).

The factually untrue representations were obviously deliberate, whether or not they were a "deliberate" attempt to deceive. They were made in writing, for the purpose and with the result of getting favorable action. There is no evidence in the record, and neither Court pointed to any, to indicate that the Examiners were not deceived. The Patent Office file histories show that they were deceived.

Prior Invention by Bailey and Brubaker

Bailey and Brubaker, of the du Pont Company, made the Land invention and filed an application for patent ahead of Land. The Land patents are therefore invalid under 35 U. S. C. 102 (e) (p. 21a), unless Land proved that he made the invention before Bailey and Brubaker's filing date.

The Bailey and Brubaker application issued as patent No. 2,246,087 (R. 293a) to the du Pont Company on June 17,

1941. It was filed in the Patent Office on September 30, 1938, before Polaroid's earliest filing date. It is therefore a reference under *Millburn* v. *Davis-Bournonville,* 270 U. S. 390 (1926) which has been codified at 35 U. S. C. 102 (e) (p. 21a).

Claim 1 of this patent is identical with Claim 12 of the '515 patent. This claim was involved in interference with Land in the Patent Office. The du Pont Company, from whom Polaroid buys materials (R. 22a), discontinued the interference before it was decided and filed a disclaimer of this claim, which then issued in the Land patent.

Bailey and Brubaker taught Land's identical process and product, but without any suggestion that the state of the plastic, when stretched, be called "rubber-elastic." They called it "solid." Polaroid insisted to the Patent Office that this was the same invention as disclosed by Land, and the interference was declared.

The anticipatory effect of the Bailey and Brubaker patent was not challenged by Polaroid. Instead, it undertook to prove invention by Land prior to Bailey and Brubaker's filing date. The Courts below held the proof sufficient in spite of the fact that the only novelty found in Land, use of the words "rubber-elastic," was completely missing from the proof.

Polaroid's proof was simply a disclosure that the identical stretching of the prior art be used. The magic words "rubber-elastic" were not even mentioned. On the contrary the disclosure contained an affirmative teaching that a "very" elastic stretch should be avoided.

This disclosure, the only evidence introduced by Polaroid to overcome Bailey and Brubaker's filing date, was a memorandum prepared by Chubb, Plaintiff's Exhibit 2 (R. 271-3a), and the testimony of Chubb with respect there-

to (R. 198-206a). Exhibit 2 is the 3-page memorandum written on September 21, 1938 (R. 199a) by Chubb, a chemical engineer employed by Polaroid since 1938 (R. 56a).

The memorandum does not contain the magic words "rubber-elastic." It mentions the word "elastic" only once, in teaching only that a plastic which is **not** "very elastic" is "preferable." This is in the third paragraph from the bottom of page 3 (R. 275a) which reads:

> "In the above treatment, the Vinal may be plasticized or unplasticized. Usually the unplasticized variety is preferable so that the stretching which produces the orientation may be relieved without the sheet tending to contract, as is the case with plasticized Vinal, which is very elastic."

This disclosure is obviously inadequate to teach the only novelty over the prior art held to be disclosed by Land—i.e., a "rubber-elastic" stretch—and therefore could not possibly overcome Bailey and Brubaker's earlier filing date. The '515 patent actually teaches, at Col. 9, lines 13-19 (R. 387a; quoted at p. 10a herein) that unplasticized vinyl acetal resin, which Chubb preferred at the critical time prior to Bailey and Brubaker's filing date, is **not** "rubber elastic."

Judge Sweeney held, at R. 242a, that Chubb's explanation that plasticized Vinal should be avoided because it is "unduly elastic" overcame the deficiency of the memorandum, although the explanation, like the memorandum, involved a direct contradiction of the only novelty found in the patents by the Courts below. The Court of Appeals ignored this point in its Opinion, and then simply denied rehearing, where the point was again stressed.

If the Chubb memorandum discloses the invention, as Polaroid insists, then there is no "key" or "secret" in the use of the words "rubber-elastic," and no invention over the prior art on the findings below. If it does not disclose the invention, Bailey and Brubaker's filing date has not been overcome. This inescapable contradiction is presented by the decision below. The Court below affirmed Judge Sweeney's decision that claim 12 of the '515 patent (the claim involved in the interference) is invalid for failure to use the magic words "rubber-elastic," but held the Chubb memorandum sufficient to overcome Bailey and Brubaker.

Polaroid's Misuse of its Patents

Polaroid makes a permanent type 3-D viewer (like sunglasses) which are sold through camera stores (R. 29-31a). To protect its throwaway viewer business, these are sold with the following printed legend on every invoice (R. 277a):

> "THIS ORDER IS PLACED AND ACCEPTED WITH THE UNDERSTANDING THAT THE VIEWERS PURCHASED WILL NOT BE USED OR RESOLD FOR USE IN ADMISSION-CHARGING THEATRES."

Judge Sweeney justified this practice on the ground of a health hazard, although he said (R. 255-6a):

> ". . . it is a fact that the measures taken by the defendant do guarantee an expansion of their business, and for this reason might come within the principles enunciated by the courts prescribing any attempt to enlarge the monopoly granted by the patent laws."

The Court of Appeals affirmed on the ground that (p. 19a):

> "The matter lies primarily in the discretion of the District Court."

holding that Judge Sweeney had not abused his discretion, although it also recognized the misuse, saying, with respect to Judge Sweeney's opinion, at pages 18-19a:

> "But it also recognized that the restrictions if observed guaranteed an expansion of Polaroid's business."

A patent is a statutory monopoly, which is strictly confined to its own limits because of strong public policy.

There is no more health hazard, and no more liability in the manufacturer, in the case of permanent viewers than in the case of spectacles, sunglasses, drinking glasses, or toothbrushes.

The Question of Personal Liability of Alvin M. Marks for infringement by Depix Corporation

The Court below held Alvin M. Marks personally liable for the infringement by Depix Corporation based only on the facts that he (p. 16a):

> a. Was an officer of the Corporation (his family holding the other offices);
>
> b. With his family owned all the stock;
>
> c. Supervised and directed the building of the machines and equipment used in manufacturing the infringing product;
>
> d. Was thoroughly familiar with the details of the process employed and with the product; and
>
> e. Was the patentee of the patents under which the corporation allegedly operated and for the exploitation of which it was organized;

In so holding, the Court said (at p. 16a):

> "The above facts certainly show that the plaintiff-appellant was more than merely an officer of an in-

> fringing corporation. They show that he, individually, was the moving, active conscious force behind Depix' infringement."

Thus the corporate veil was pierced against an officer of a corporation which was serving the public interest by challenging the validity of patents—and where the officer was performing only the normal and usual duties of a corporate officer.

ARGUMENT

POINT 1

There is little likelihood of further litigation on the patents, which completely dominate an entire industry.

The affidavit of Alvin M. Marks, printed herein on pages 24-5a, shows that 99% of the entire polarizing industry (except for government business) is now centered in one company, Polaroid, the Respondent in this action. The other 1% is done by a Company in Ohio which makes a different type of polarizer which is not related to the patents in suit.

The affidavit further shows that polarizing materials are important to the public and to national defense in many important devices, scientific instruments, and weapons.

This Court has frequently granted certiorari in patent cases for the stated reason that concentration of the industry in a single Circuit made further litigation unlikely, and despite absence of conflict as to validity.

> *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47 (1938), at page 50;
> *Muncie Gear Works* v. *Outboard, Marine & Mfg. Co.*, 315 U. S. 759 (1942), at pages 765-6;
> *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U. S. 126 (1942), at page 128.

In the *Muncie Gear Works* case certiorari was granted to review a decision of validity, even though the patent had previously been held valid in both the 6th and 7th Circuits, with no conflict.

POINT 2

There is a conflict in principle with decisions of this Court as to "factually untrue" representations to the Patent Office in obtaining a patent.

This point goes to Question No. 3 (p. 3 above).

The special facts are stated on pages 9-10 above.

In the case of *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238 (1944), the Court said at page 250:

> "Had the District Court learned of the fraud on the Patent Office at the original infringement trial, it would have been warranted in dismissing Hartford's case . . . So, also, could the Circuit Court of Appeals have dismissed the appeal had it been aware of Hartford's corrupt activities in suppressing the truth concerning the authorship of the article. The total effect of this fraud, practiced both on the Patent Office and the Courts, calls for nothing less than a complete denial of relief to Hartford for the claimed infringement of the patent procured and in force."

In the case of *Precision Instrument* v. *Automotive Machinery Co.*, 324 U. S. 806 (1945), this Court said, at page 816:

> "A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the 'Progress of Science and useful Arts.' At the same time, a patent is an exception to the general rule against monopolies and to the right

> to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, **give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct** and that such monopolies are kept within their legitimate scope. The facts of this case must accordingly be measured by both public and private standards of equity. And when such measurements are made, it becomes clear that the District Court's action in dismissing the complaints and counterclaims 'for want of equity' was more than justified." (Emphasis added.)

and on page 818:

> "Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an **uncompromising duty to report to it all facts concerning possible fraud or inequitableness underlying the applications in issue.** Cf. Crites, Inc. v. Prudential Ins. Co., 322 U. S. 408, 415, 88 L. Ed. 1356, 1361, 64 S. Ct. 1075. This duty is not excused by reasonable doubts as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice. **Public interest demands that all facts relevant to such matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to safeguard the public in the first instance against fraudulent patent monopolies. Only in that way can the Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud.'** (Hazel-Atlas Glass Co. v. Hartford-Empire Co., supra, 322 U. S. 246, 88 L. Ed. 1255, 64 S. Ct. 997.)" (Emphasis added.)

The decisions below, excusing a "factually untrue" representation on the obviously erroneous ground that it was not a "deliberate" attempt to deceive, and on the obviously erroneous assumption that it did not "deceive" the Patent Office, are in sharp conflict in principle with the above state-

ments of this Court, and ignore the "paramount interest" of the public.

POINT 3

There is a direct conflict with decisions of this Court as to misuse of patents.

This point goes to Question No. 4 (p. 3 above).

The special facts are stated above at pages 13-14.

This Court has frequently held that once a patented article is sold by the patentee or his licensee it passes into the channels of commerce completely free of the patent, and no control whatever may be exercised over it thereafter. In more recent cases the Court has held that any attempt to exercise further control constitutes a misuse of patents.

The decision below is in direct conflict with these cases, some of which will now be referred to.

In a long line of cases, this Court has held that any attempt to impose restrictions on use or re-sale of a patented article after its sale, are clearly attempts to extend control beyond the rights granted in the patent.

Bauer v. *O'Donnell*, 229 U. S. 1 (1913);
Straus v. *Victor Talking Machine Co.*, 243 U. S. 490 (1917);
Boston Store v. *American Grafophone Co.*, 246 U. S. 8 (1918);
Motion Picture Patents Co. v. *Universal Film Mfg. Co.*, 243 U. S. 502 (1917);
Carbice Corp. v. *American Patents Development Corp.*, 283 U. S. 27 (1931);
United States v. *General Electric Co.*, 272 U. S. 476 (1926);
United States v. *Univis Lens Co.*, 316 U. S. 241 (1942).

In the *Motion Picture Patents* case the Court held that in *Bauer* v. *O'Donnell* the Court had interpreted the exercise once of the right to vend as freeing the article "of every restriction which the vendor may attempt to put upon it." (*Motion Picture Patents Co.*, 243 U. S. 502, p. 516.)

In the case of *United States* v. *General Electric Co.*, 272 U. S. 476 (1926), this Court said, at page 489:

> "It is well settled, as already said, that where a patentee makes the patented article and sells it, he can exercise no future control over what the purchaser may wish to do with the article after his purchase. It has passed beyond the scope of the patentee's rights."

And, in the case of *United States* v. *Univis Lens Co.*, 316 U. S. 241 (1942), this Court said at page 250:

> "The patentee may surrender his monopoly in whole by the sale of his patent, or in part by the sale of an article embodying the invention. His monopoly remains so long as he retains the ownership of the patented article, but sale of it exhausts the monopoly in that article and the patentee may not thereafter, by virtue of his patent, control the use or disposition of the article. *Bloomer* v. *McQuewan*, 14 How. (U. S.) 539, 549, 550, 14 L. Ed. 532, 537; *Adams* v. *Burke*, 17 Wall. (U. S.) 453, 21 L. ed. 700; *Hobbie* v. *Jennison*, 149 U. S. 355, 37 L. ed. 766, 13 S. Ct. 879."

and on page 252:

> "The first vending of any article manufactured under a patent puts the article beyond the reach of the monopoly which that patent confers."

This Court has frequently held that any attempt to extend the monopoly of a patent beyond that covered by the patent itself constitutes a misuse of the patent which renders it unenforceable.

> *Carbice Corp.* v. *American Patents Development Corp.*, 283 U. S. 27 (1931);

Ethyl Gasoline Corp. v. *United States,* 309 U. S. 436;
Morton Salt Co. v. *G. S. Suppiger,* 314 U. S. 488;
United States v. *Masonite Corp.,* 316 U. S. 265 (1942);
Transparent-Wrap Machine Corp. v. *Stokes & Smith Co.,* 329 U. S. 637 (1947).

The decision below is in direct conflict with these cases, or with principles strongly stated therein.

POINT 4

There is a conflict between Circuits on an important question which has not been, but should be, decided by this Court: the personal liability of an officer of a corporation for its infringement of a patent.

This point goes to Question No. 5 (p. 3 above).

The special facts are stated at pages 14-15 above.

The Court below held Alvin M. Marks personally liable for infringement by Depix Corporation, although every act performed by him was a normal and usual act for an officer of a corporation. Also, there was no evidence of insolvency or even distress on the part of the corporation, although this is usually considered a necessary factor. On the contrary, Judge Sweeney held that the Marks family "invested considerable funds" in the corporation (R. 253a).

The Court below cited *Dean Rubber Mfg. Co. et al.* v. *Killian,* 106 F. (2d) 316, 320 (C. C. A. 8, 1939), in support of its decision.

The *Dean* case in turn relied on *National Cash Register Co.* v. *Leland,* 94 Fed. 502 (C. C. A. 1, 1899); cert. denied 175 U. S. 724.

The present case and the *National Cash Register* case in the First Circuit, and the *Dean Rubber* case in the Eighth Circuit, are in direct conflict with the rule followed in the Sixth and Seventh Circuits, as established in the following leading cases:

Dangler v. *Imperial Machine Co.*, 11 F. (2d) 945 (C. C. A. 7, 1926);
Telling v. *Bellows-Claude Neon Co.*, 77 F. (2d) 584 (C. C. A. 6, 1935), cert. den. 296 U. S. 594 (1935).

These cases hold that, as stated in the *Telling* case at page 585:

> "an officer of a corporation is not liable for damages and profits on infringement unless he inflicted the wrong otherwise than through the usual relations between officer and corporation, . . . "

The *Telling* and *Dangler* cases have been followed, or cited with approval, in the 2nd, 3rd, 6th, and 7th Circuits in the following cases:

Fulton Co. v. *Janesville Labs* (C. C. A. 7, 1928), 29 F. (2) 913;
Fyrac Mfg. Co. v. *Bergstrom* (C. C. A. 7, 1928), 24 F. (2) 9;
Ruggles-Coles Eng. Co. v. *McGann Eng. Co.* (M. D. Pa., 1929), 34 F. (2) 519, affirmed (C. C. A. 3, 1930) 41 F. (2) 1005;
American Machinery Co. v. *Everedy Mach. Co.* (E. D. Pa., 1929), 35 F. (2) 526;
Claude Neon Lights, Inc. v. *American Neon Light Corporation* (C. C. A. 2, 1930), 39 F. (2) 548;
Shiff v. *Hammond Clock Co.* (C. C. A. 7, 1934), 69 F. (2) 742;
General Motors v. *Provus* (C. C. A. 7, 1938), 100 F. (2) 562;
Steiner Sales v. *Darmon Mfg. Co.* (N. D. N. Y., 1940), 33 F. Supp. 422;

Lambert et al. v. *Dempster Bros. Inc.* (D. Tenn., 1940), 34 F. Supp. 610;
Sperry Products, Inc. v. *Assoc. of Am. R.R.* (C. C. A. 2, 1942), 132 F. (2) 408;
Adventures in Good Eating, Inc. v. *Best Place To Eat, Inc.* (C. C. A. 7, 1942), 131 F. (2) 809;
Frank B. Killian & Co. v. *Allied Latex Corp.* (S. D. N. Y., 1950), 94 F. Supp. 281, rev. on other grounds (C. C. A. 2, 1951) 188 F. (2) 94, cert. den. 342 U. S. 861, reh. den. 342 U. S. 895;
Schryer v. *Casco Products* (D. Conn., 1951), 97 F. Supp. 159, aff. and rev. in part on other grounds (C. C. A. 2, 1952), 190 F. (2) 921, cert. den. 342 U. S. 913;
Weller Mfg. Co. v. *Wen Products Inc.* (C. C. A. 7, 1956), 231 F. (2) 795;
Powder Power Tool v. *Powder Actuated Tool* (C. C. A. 7, 1956), 230 F. (2) 409.

In the First Circuit the *Dangler* case was cited with approval in the dissenting opinion of Judge Morton in *Silver-Brown Co.* v. *Sheridan* (C. C. A. 1, 1934), 71 F. (2) 935, and in the following cases which are seemingly overruled by the Court below in the present case:

General Electric v. *Munder Co.* (D. Mass., 1938), 22 F. Supp. 291;
Buck v. *Newsreel Inc.* (D. Mass., 1938), 25 F. Supp. 787.

In the conflicting case of *Dean Rubber Mfg. Co. et al.* v. *Killian,* 106 F. 2d 316, 320 (C. C. A. 8, 1939), relied on by the Court below in support of its decision, an individual was held personally liable on the sole facts that he was:

1. The active, directing head of the defendant company and was in charge of the operations of the plant and gave orders for its operation;

2. A large stockholder and president of the defendant company;

3. The owner of the accused patent (*sic*!?); and

4. The infringing machine was built and operated under his personal supervision.

These are all usual relations between officer and corporation.

In the *Dean Rubber* case the Court in turn relied on the earlier decision in the First Circuit in the case of *National Cash Register Co.* v. *Leland*, 94 F. 502 (C. C. A. 1, 1899), quoting with approval the following excerpt from page 511 of the *National Cash Register* opinion:

> "We are of opinion, therefore, that by the general principles of law, and by analogy with other torts, a director of a corporation, who, as director, by vote or otherwise, specifically commands the subordinate agents of the corporation to engage in the manufacture and sale of an infringing article, is liable individually in an action at law for damages brought by the owner of the patent so infringed. As with other infringers, it is immaterial whether the director knew or was ignorant that the article manufactured and sold did infringe a patent."

On page 515, the Court said:

> "The question of good faith and lawful purpose do not enter into this case, . . ."

This question is important because of the strong public interest in every patent case, and the importance to the public that patent validity be challenged, both of which this Court has frequently stressed. The decision below throws a great impediment in the path of any corporate officer desiring to have his company manufacture any article which may be charged with patent infringement. It is impossible to challenge validity without first making, using or selling a device alleged to infringe a patent. One employee always spark-plugs a new product.

As long ago as 1892 this Court, in *Pope Manufacturing Co.* v. *Gormully,* 144 U. S. 224, said at page 234:

> "It is as important to the public that an invention should not be repressed by worthless patents as that the patentee of a really valuable invention should be protected in his monopoly;"

and in the case of *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.,* 322 U. S. 238 (1944), this Court said at page 246:

> "This matter does not concern only private parties. There are issues of great moment to the public in a patent suit. Mercoid Corp. v. Mid-Continent Investment Co. decided January 3, 1944 (320 U. S. 661, 88 L. ed. 376, 64 S. Ct. 268); Morton Salt Co. v. G. S. Suppiger Co., 314 U. S. 488, 86 L. Ed. 363, 62 S. Ct. 402."

In the case of *Katzinger Co.* v. *Chicago Metallic Mfg. Co.,* 329 U. S. 394 (1946), this Court said at pages 400-401:

> "In Scott Paper Co. v. Marcalus Mfg. Co., 326 U. S. 249, 90 L. ed. 47, 66 S. Ct. 101, it was held that even an assignor who had sold a patent issued to itself was free to challenge the validity of the patent and thereby defeat an action for infringement by showing that the invention had been described in an expired patent. In thus emphasizing the necessity of protecting our competitive economy by keeping open the way for interested persons to challenge the validity of patents which might be shown to be invalid, the Court was but stating an often expressed policy that 'It is the public interest which is dominant in the patent system,' Mercoid Corp. v. Mid-Continent Invest. Co., 320 U. S. 661, 665, 88 L. ed. 376, 380, 64 S. Ct. 268, and that **the right to challenge 'is not only a private right to the individual, but it is founded on public policy which is promoted by his making the defence, and contravened by his refusal to make it.'** Pope Mfg. Co. v. Gormully, 144 U. S. 224, 235, 36 L. ed. 414, 418, 12 S. Ct. 632." (Emphasis added.)

Alvin M. Marks did no more than any corporate employee who spark-plugs a new product for his company. New products are always to be encouraged, as well as new competition in old products.

The Court below also based its decision (16a) on 35 U. S. C. 271(b), which provides (22a):

> "Whoever actively induces infringement of a patent shall be liable as an infringer."

This section, new in the Patent Act of 1952, was supposed to be a codification of the law of contributory infringement (*Jones* v. *Radio Corp. of America, et al.*, 131 F. Supp. 82 (S. D. N. Y., 1955, Judge Walsh)). It has nothing to do with individual responsibility for corporate infringement. (See pages 52-53, "Commentary on the New Patent Act" by P. J. Frederico, printed at the beginning of 35 U. S. C.)

The decision below seriously affects independent inventors, such as Alvin M. Marks (p. 16a), who attempt to market their inventions which replace entrenched products. They may not do so without risking their entire personal and family security. Thus the Constitutional mandate to promote the progress of science and the useful arts is thwarted by penalizing independent invention and independent enterprise. This case is an aggravated example, where the prior art was held by the Court of Appeals to be "certainly close," but was not read by the Court as "clearly teaching or directly indicating the importance or value of stretching in any given state" (p. 13a). Alvin M. Marks was obviously proceeding in good faith in investing "considerable funds" in the corporation.

CONCLUSION

It is accordingly prayed that the writ be granted.

FLOYD H. CREWS
405 Lexington Ave.
New York 17, N. Y.
Attorney for Petitioner

DARBY & DARBY
HARVEY W. MORTIMER
405 Lexington Ave.
New York 17, N. Y.
Counsel for Petitioner

New York, N. Y.
January 11, 1957

APPENDIX

United States Court of Appeals
For the First Circuit

No. 5055.

ALVIN M. MARKS,
PLAINTIFF, APPELLANT,
v.
POLAROID CORPORATION,
DEFENDANT, APPELLEE.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS.

Before MAGRUDER, *Chief Judge*, and WOODBURY and HARTIGAN, *Circuit Judges*.

Floyd H. Crews, with whom *Harvey W. Mortimer*, and *Darby & Darby* were on brief, for appellant.

Donald L. Brown, with whom *Rowland V. Patrick*, *Julius Silver*, *Charles Mikulka*, *Fish, Richardson & Neave*, and *Silver, Saperstein & Barnett* were on brief, for appellee.

OPINION OF THE COURT.

September 26, 1956.

WOODBURY, *Circuit Judge*. Alvin M. Marks as the owner of two United States patents, Nos. 2,104,949 and 2,199,227, and Depix Corporation as his exclusive licensee, brought suit in the court below against Polaroid Corporation for infringement of several claims of the patents. Polaroid answered and filed a counterclaim charging both plaintiffs with trademark infringement, unfair competition, and infringement of enumerated claims of three United States patents issued to it as the assignee of Edwin H. Land and a reissue patent which it owned. These patents are No.

2,237,567, issued April 8, 1941; No. 2,328,219, issued April 31, 1943; No. 2,454,515, issued November 23, 1948; and Reissue No. 23,297, issued November 28, 1950. The plaintiffs replied with a prayer for a declaratory judgment of invalidity of all four of the defendant's patents.[1]

The District Court after hearing entered a judgment in accordance with its opinion wherein it dismissed the plaintiff's complaint for infringement on the ground that the claims sued upon were either invalid or had not been infringed by the defendant. And it also dismissed the defendant's counterclaim insofar as it charged the plaintiffs with trademark infringement and unfair competition. It held, however, that some of the claims of the three Land patents remaining in issue under Polaroid's counterclaim were valid and infringed by Depix Corporation, and that Alvin M. Marks was personally liable for that infringement. Wherefore it enjoined both plaintiffs from further acts of infringement and referred the issue of damages to a master. Both Marks and Depix Corporation appealed, but the appeal of the latter was dismissed for want of diligent prosecution leaving Alvin M. Marks the sole appellant. In that role he does not contest the judgment below insofar as it adjudicates the claims of his patents in issue either invalid or not infringed. His position is that the court below erred in holding any of the claims of the Land patents in issue valid and infringed, that the patents themselves are invalid and unenforceable because obtained by fraud on the Patent Office, that they are unenforceable because they have been misused, and that in any event he is

[1] During the trial the defendant withdrew its charge of infringement of the reissue patent but the issue of its validity remained in the case under the plaintiff's prayer for declaratory relief. The court below resolved that issue against the defendant but since it has not appealed we need not consider the validity of that patent.

not personally liable for any infringement by Depix Corporation.

The Land patents with which we are concerned are in the light polarizer field and they cover both a product and a process. The plaintiff-appellant in his brief says: "The disclosures of all three may be stated very briefly as being simply to make a polarizer from a sheet of plastic by stretching it, holding it stretched until it is set so that it will not contract, and staining it with a dye at some stage of the process." This general statement can serve only as the barest of introductions. The problem is a complicated one and to understand it and the conflicting arguments of the parties some exposition of the general principles involved must be attempted.

Oversimplification has its dangers, particularly for tyros. But there is no way of escape for us here, so with no little trepidation we embark on the risky venture of stating in a general way our understanding of the phenomena involved.

The appellant says in his brief, and we do not understand the appellee to disagree, that according to present scientific theory, light consists of vibrations in every direction in a plane perpendicular to the direction of travel of a light beam. That is, if a beam of light coming toward an observer be thought of as the hub or axle of a bicycle wheel coming broadside toward the observer, *i.e.* with the hub pointed directly at the observer so he could see through it, the vibrations would be represented by the spokes of the wheel.

Now when a beam of light strikes a reflector, such as a polished metal surface, the beam bounces off at an angle equal to the angle of its approach. (The angle of incidence equals the angle of reflection). This is simple reflection. When a beam of light strikes a transparent object at an

angle, such as a pane of glass, it meets resistance, is slowed down and thereby deflected, so that as it enters the glass it turns at an angle and as it emerges from the other surface of the glass it again turns at an angle and resumes its original direction. That is to say, the beam takes a zig-zag course through the glass. This is refraction.

Certain transparent crystals have a different effect upon a beam of light. These crystals, like glass, offer resistance to the beam of light but, unlike glass, because of their molecular composition, the vibrations in one plane, say the plane horizontal to the surface of the earth represented in our simile by the horizontal spokes of the bicycle wheel, meet less resistance than the vibrations in the vertical plane represented by the up-and-down spokes of the bicycle wheel. Thus the vibrations roughly in one plane are slowed down more than the vibrations roughly in the other, with the result that two beams of light emerge from the crystal, one having vibrations generally in one plane and the other having vibrations generally in the plane at right angles with it. This is double refraction or birefringence.

Polarization is one step beyond birefringence in that the vibrations in one plane are to a large extent absorbed by the crystal so that only a single beam of light emerges from it and the vibrations in that beam are largely in a single plane. That is to say, a polarizing crystal not only divides an ordinary beam of light, like a birefringent crystal, into two beams, one having vibrations largely in one plane and the other having vibrations largely in the plane at right angles to it, but also largely absorbs the vibrations in one plane. Thus, if a perfect polarizer existed it would cut off all light except that vibrating in a single plane, and if two such polarizers were placed in the path of a beam of light with their planes of polarization at right angles to one another, all light passed by the first polarizer would

be cut off by the second and no light at all would pass through the latter.[2]

Dichroism is another name for polarization, and the dichroic ratio, or dichroic constant as it is sometimes called, is a measure of the amount of light that gets through a polarizer and therefore a measure of its merit. The higher the dichroic ratio the better the polarizer.

The phenomenon of polarization has been known for at least a century and a half. At first only natural polarizers, such as the Nicol prism and tourmaline, were known, and they were expensive. About one hundred years ago a British scientist named Herapath had some success in manufacturing synthetic polarizing crystals which came to be known as herapathites after their discoverer, but they were slow to make, small in size and expensive, and so never attained commercial success.

This was the state of the polarizer art until the late 1920's when two precocious young scientists in their teens, the plaintiff Alvin M. Marks and the defendant's patentee, Edwin H. Land, almost simultaneously entered the field. The interest of both young men stemmed from their interest in television, and each, independently and without knowledge of the other, started with Herapath and following his teaching attempted to develop synthetic polarizers of large area. Both failed, and then each struck out on a path of his own. Marks continued to follow Herapath's teaching in a general sort of way, but since the

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[2] In IES [Illuminating Engineering Society] Lighting Handbook, First Edition, 1947, Section 7-15, Polarization is described as follows: "Light waves emitted by common sources are oriented at all angles in planes at right angles to the direction of the beam emitted from a source. As they pass through certain substances or are reflected from certain surfaces at particular angles, vibrations in some directions are absorbed more than are those in other directions. Light which vibrates more strongly in certain directions is said to be polarized."

validity of his patents is no longer in issue we need not at this point trace the development of his work. Land, on the other hand, became convinced that any process involving the growth of large crystals along the lines taught by Herapath for growing small ones could never be commercially successful because it would take too long. It then occurred to him that the ideal material for cheap synthetic polarizers of large size would be a transparent plastic which could be obtained in great rolls, for such a material is well adapted for the purpose because it is composed of molecules of relatively enormous size in a single direction, that is, long, thin, needle-shaped molecules. Its molecular weight is heavy; it is a linear high polymer so called.

In their ordinary state these long, thin, heavy molecules of which plastic materials are composed entwine themselves around one another, it is said "like spaghetti." But when the plastic material is stretched the molecules tend to realign themselves more nearly parallel and the greater the stretch the more nearly parallel the molecules become. Land's first idea, embodied in a patent now expired and not in issue, was to grow exceedingly small herapathites, which did not take long, embed them in a transparent plastic carrier and, by extruding the plastic containing the submicroscopic needle-shaped herapathite crystals through small apertures, set up a mechanical stress in the extruded material which caused the crystals embedded in it to orient themselves in parallel alignment, as the District Court said, just as logs floating down stream tend to travel along butt end first.

Polarizers made according to the teaching of this patent were apparently at least moderately successful, but Land soon began to experiment with a new type of polarizer using Cellophane and a direct dye or stain which had the property of absorbing light vibrations in a single plane.

The District Court described this departure from prior practice as follows:

> "Rolls of cellophane were swelled, stretched, and run through an iodine bath. Difficulty was encountered, however, with this process because the iodine was fugitive and would not stay in the cellophane sheet. Land experimented with different kinds of plastics and finally hit upon the complex of iodine with polyvinyl butyral. Immediately he shifted from polyvinyl butyral to polyvinyl alcohol and developed his "H sheet" which is made by taking a large roll of polyvinyl alcohol, heating and stretching it to orient the molecules, then affixing it to an unstretched backing of cellulose acetate, and floating the supported film of polyvinyl alcohol upon the surface of a bath containing a solution of iodine. A fourth step is employed in which the sheet is run through a bath of boric acid, which stabilizes the film and drives out excess iodine."[3]

Applications for patents covering these new Land products and processes were filed on October 29, 1938, and on May 4, 1939. The earlier application became involved in an interference and was ordered divided in accordance with Patent Office procedure. While the interference was pending, patent No. 2,237,567 issued on April 8, 1941, on the May, 1939, application. The other two patents, No. 2,328,219 and No. 2,454,515, issued on the earlier divided application of October, 1938, the first patent on August 31, 1943, and the second patent November 23, 1948. It will be convenient to follow the District Court's lead and start with consideration of the two patents which issued last, but on the earlier divisional application.

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[3] This fourth step is covered by the reissue patent which is no longer in issue.

The specifications of these two patents are substantially identical but the later of the two, referred to by the District Court as the '515 patent, is the broader. It covers transparent, linear, high polymers, such as a sheet of a cellulostic compound, as for instance cellulose acetate or ethyl cellulose, or regenerated cellulose, or a sheet of a vinyl compound, such as a plasticized vinyl acetate resin, as the preferred materials to be used, whereas the materials claimed in the earlier '219 patent are less general being limited to the transparent vinyl compounds, with some of its claims limited still further to a vinyl acetate resin or to a polyvinyl butyral.

The District Court found, and as we understand the briefs and arguments the parties agree, that both of these patents cover a new and better light polarizer, and a process for making the same, the process consisting of rendering the plastic "rubber-elastic" by some appropriate means, as by heat or a solvent, stretching it while in that state substantially to the limit of its extension, then holding it in its stretched or extended position or setting it in that position so that the alignment of its needle-shaped molecules in substantial parallelism set up in the sheet by stretching it is retained, and at some stage in the process dyeing the plastic sheet either by a direct cotton dye, a suitable mordant dye, iodine, bromine, or a metal, such as mercury, silver, gold or copper.

The District Court found that Land was not the first broadly to teach the art how to manufacture this kind of polarizer. Analysing the references it found that others prior to Land had taught how to make polarizers by stretching the same kind of materials used by Land, *i.e.* transparent linear high polymers, to orient their needle-shaped molecules to substantial parallelism, and staining the material at some stage of the process with the same materials suggested by Land, *i.e.* direct cotton dyes, iodine or metallic

elements. But it found that the "key" to the Land invention covered by these two patents lay in the disclosure of putting the various plastic materials employed in a "rubber-elastic" state and while in that state stretching them "to the limit of their extension." It found that Land treated "as critical and the secret to making better polarizers of this kind both a reduction of the polymeric material to a particular state or condition of physical behavior prior to stretch and a particular type of stretch while in this state." This, it found had not been taught or clearly suggested in the references and constituted an advance over the prior art which amounted to invention. Wherefore, finding that invention lay in these two features alone ("rubber-elastic" state and stretch to "limit of extension") it held valid only the claims in issue drawn in such a way as to include one or both of these features, either expressly or by necessary implication.

The appellant's principal and basic contention can be stated in a nutshell. His counsel says in his brief that the District Court "was in error in believing that using the words 'rubber-elastic' and 'limit of extension' represented any contribution or advance in the art." And then he adds: "No plastic has ever been stretched in any condition other than when plastic enough to be stretched, and 'rubber-elastic' does not describe any condition other than this." A careful study of the testimony in the record appendixes and the exhibits convinces us that counsel is wrong in both assertions. We shall consider them in the inverse order of their statement.

Land in the specifications of the two patents we are considering defines the term "rubber-elastic" as he uses it therein. The definitions are not verbatim the same but we cannot see that the differences in their phraseology have any significance in this litigation. The definition in the '515 patent is as follows:

> "The term 'rubber-elastic state' as used herein is intended to describe an elastic condition which is closely similar to the elasticity possessed by vulcanized or cured rubber. It is intended to describe a condition in which the plastic may be stretched or extended an appreciable amount without permanent distortion or alteration in the structure of the sheet. Hence it is intended to describe a condition such that when the stress or strain is relieved the sheet tends to return to its original form and shape. It is intended to describe such a condition where that condition is inherent in the material, for example in plasticized vinyl acetal resin, or is acquired by the material when it is in a heated condition, for example in the case of unplasticized viny acetal resin, or when it has been subjected to a swelling or wetting agent, for example Cellophane wetted with an aqueous solution of sodium hydroxide."

The appellant's argument seems to be that the term "rubber-elastic" as so defined has no meaning because plastics cannot be stretched in any other condition. That is, the argument runs, if plastics are stretchable as called for in the patents then they must of necessity be "rubber-elastic," for if not in that condition they must be "solid," and in that condition unstretchable. Wherefore it is said that the term "rubber-elastic" adds "nothing whatever except confusion." Indeed it is suggested that use of the term involves a "sham" which was completely exposed by the testimony of Polaroid's expert witness who, it is asserted, testified at one point that plastics could only be stretched when they were in a "rubber-elastic" state, but at another point that they could also be stretched when they were in a "solid" state. Counsel for the appellant in his brief characterizes this testimony as such a "tangled

maze of contradictions as to be completely stultifying and utterly ludricrous."

Counsel's argument assumes *sub silentio* that "solid" means "rigid" and then passes on to the further assumption that matter cannot be "solid" and "elastic" at the same time. The argument rests on a play upon words, for "rigid" and "solid" are not synonymous, and, furthermore, matter cannot be divided finally, definitely and absolutely into the categories of "solid," "elastic," and "fluid." All non-gaseous matter, so far as we know, has some of the characteristics of at least two of the states mentioned. Water is certainly a "fluid" and yet a child learning to dive soon discovers that it has some degree of solidity. And although steel and iron are certainly "solids," anyone who has ever seen and heard a blacksmith "ring" his anvil with his hammer knows that steel will bounce on iron and hence realizes that each must have some elasticity, for after each blow both the anvil and the hammer return to their original form and shape without permanent distortion. Proliferation of instances would serve no purpose. The fact is that the terms do not define absolute but instead relative states of matter. Thus the lines of demarcation between them cannot be drawn with absolute precision. But, although each state defies precise definition, nevertheless each describes a recognizable condition. No one would say that water is not a "fluid" or that steel and iron are not "solids," or that a rubber band is not "elastic." So also is a golf ball, yet no contradiction in terms is involved in calling it a "solid" as well. The same may be said of a rubber band. The difference between a golf ball and a rubber band lies in degree of solidity and elasticity.

"Elastic," according to Webster's New International Dictionary, Second Edition, means *inter alia* "Springing back; springy; of solids, capable of recovering size and shape after deformation." The amount of deformation

may be great or small and recovery of size and shape after deformation may be fast or slow. An ordinary rubber band can be stretched on the application of force to several times its relaxed length and when the force is removed it snaps back at once to its original shape and size. Matter in this state seems to us very appropriately described not only as "elastic" but also as "rubber-elastic," notwithstanding that at the same time it is also a "solid" in the sense that it certainly is not a "fluid" or a "gas." Thus, witness Webster's definition, there is no inconsistency in saying that a "solid" may in addition be "rubber-elastic."

But there is another state or condition of matter in which it can readily be stretched. This is the malleable or plastic state, illustrated by taffy or glazier's putty. Matter in this condition, as in the elastic condition, stretches readily on the application of force, but when the force is removed it remains in the distorted condition in which the force left it. In this state matter is said to be "plastic," and when the condition is produced by heat, "thermoplastic."

The testimony is that transparent, linear high polymers can exist in any one of the general states or conditions mentioned. They can be relatively hard, rigid solids, like the Lucite in which trout flies and other small objects are embedded for ornamental purposes and from which plates and small boxes are made. And by the application in varying degrees of solvents or heat they can be made progressively to change to a "rubber-elastic" state, to a plastic or thermoplastic state, and eventually by dissolving in the solvent or melting, to a fluid state. We think the term "rubber-elastic" rather happily describes a perfectly recognizable state in which plastics may either exist commercially or be put by the application of heat or the use of solvents called plasticizers.

The question is whether stretching linear, high poly-

meric material when in a "rubber-elastic" state to the "limit of its extension" to orient its molecules to substantial parallelism, fixing it in that condition to retain its molecular organization, and at some stage of the process dyeing it, in order to produce dichroism, was taught by the art prior to Land, and, if it was not, whether Land's teaching it amounted to invention.

The art before Land, as we have already mentioned, knew that stretching transparent linear high polymeric material tended to align its long thin molecules, that the greater the stretch the more substantial the parallelism of the molecules became, that with the alignment of the molecules the material became birefringent, and if it was colored at some stage of the stretching process with a kind of dye which substantially absorbed the light vibrations in one plane, the material became dichroic, that is, a polarizer. Some of the references are certainly close but we do not read the art prior to Land as clearly teaching or directly indicating the importance or value of stretching in any given state, although perhaps stretch "to the limit of extension" may have been foreshadowed. As far as we can see the stretching of the prior art might have been done when the linear high polymeric material was relatively hard and rigid, as for instance by cold drawing between heavy rollers, or when it was in a plastic state, as well as when it was in a state of "rubber-elasticity." We agree with the District Court that Land's teaching was not anticipated by the prior art.

And the District Court found that stretching linear high polymeric material in the "rubber-elastic" state to the "limit of extension" as taught by Land (plus, of course, dyeing) produced markedly higher dichroic ratios and hence substantially better polarizers, and that his contribution to the art amounted to invention. This finding in view of our prior discussion does not warrant extended considera-

tion. There can be little doubt that stretch in the "rubber-elastic" state substantially to the "limit of extension" was an exceedingly valuable contribution to the art of making polarizers. Thus, having concluded that Land was the first to make the contribution, there can be no serious question but that his contribution constituted invention.

The third Land patent, No. 2,237,567, which issued first, remains for consideration.

In this patent no claim is made of stretching in the "rubber-elastic" state to the "limit of extension." It discloses and claims generally a light polarizer consisting of a sheet of polyvinyl alcohol which has been dyed or stained with a dichroic stain, preferably iodine, and stretched to orient its molecules. Polyvinyl alcohol was known a short time before Land, and so also were certain of its properties, but it does not appear that anyone had thought of it as a material useful for making polarizers. An article published in 1935 showed that it is made up of crystallites which could be parallelized by stretch, which was particularly easy when the material was heated, and that when stretched it was birefringent, and an article published in 1936 disclosed its quantitative capacity to absorb iodine. On the basis of these references the District Court found:

> "Land's contribution evidenced by this patent was in taking characteristics of a material, each separately investigated and disclosed in these references, combining them, and giving the result a practical application to the art of light-polarization. In so doing he came up with a commercial polarizer of high efficiency and utility which, I am convinced, represents a significant advance in the art. This polarizer is outstanding, not only for its high efficiency, but also for its ease of manufacture and cheapness.
>
> "Of the three Land patents involved in this litiga-

tion, the defendant relies mainly on the disclosures of the '567 patent in conducting its commercial operations in the 3-D viewer field. It would be anomalous to strike down the patent which has proved to the defendant to have the greatest commercial value and save the other two patents. In the absence of a stronger showing by the defendant on the question of validity, this Court will not reach such a result."

Consequently the District Court concluded that the issue claims of this patent were valid.

In view of the rather half-hearted argument of the plaintiff-appellant both on this appeal, and apparently also in the court below, we see no reason to enter into an elaborate discussion of the validity of the issue claims of this patent. It will suffice to say that we see no good reason to disturb the finding of validity made by the District Court.

This brings us to the question of infringement which again does not call for extended discussion. The District Court found that the defendant Depix Corporation used substantially Land's materials and process to produce substantially Land's product. Its finding is based on the testimony of expert witnesses called by Polaroid who the court below found had made exhaustive scientific tests of Depix' material, and on moving pictures of Depix process shown in court. To be sure this evidence was contradicted by experts called by the plaintiff. Nevertheless the court below was certainly entitled to give controlling significance to the defendant's evidence. Further discussion would serve no purpose. It will be enough to say that the District Court's finding of infringement, resting as it does on substantial evidence which the court below found convincing, is not open to successful attack on appeal.

At this point consideration of the personal liability of

plaintiff-appellant Marks' for Depix Corporation's infringement is in order.

Depix was a small family corporation organized by the plaintiff-appellant and his brother. Both men with their mother were the only officers of the corporation and the three owned all of its stock through their ownership of the stock of another corporation which held all the stock of Depix. The District Court found that the plaintiff-appellant supervised and directed the building of the machines and equipment used by Depix in manufacturing its product, that he was thoroughly familiar with the details of the process employed by Depix and with its product, and that he was the patentee of the patents under which Depix allegedly operated and for the exploitation of which it was organized. On the basis of these facts the court below found that Marks not only actively participated in the business of the corporation but also directly contributed to the corporation's infringement, which, the court said, would not otherwise have occurred. On the basis of these facts the court found the plaintiff-appellant to have been the "guiding spirit" behind Depix' infringement and hence liable with it for the infringement complained of by Polaroid.

The above facts certainly show that the plaintiff-appellant was more than merely an officer of an infringing corporation. They show that he, individually, was the moving, active conscious force behind Depix' infringement. This is clearly enough to make him personally liable under general principles, see *Dean Rubber Mfg. Co.* v. *Killian,* 106 F.2d 316, 320 (C.A. 8, 1939), as well as under Title 35 U.S.C. § 271(b) which provides: "Whoever actively induces infringement of a patent shall be liable as an infringer."

Questions of the enforceability of the Land patents remain for consideration.

Under this heading the plaintiff-appellant contends first that the patents are unenforceable because they were procured by a fraud practiced upon the Patent Office. He says that this fraud consisted of Land's representation to the Patent Office in the course of prosecuting his application for the '515 patent that by using his "rubber-elastic" stretch a polarizer could be produced with certain materials of the prior art (Cellophane and Congo red), which would have a dichroic ratio of 25 to 1, whereas the best that could be done with the same materials without "rubber-elastic" stretch was at the most a dichroic ratio of 2½ to 1, and, almost simultaneously, telling the Patent Office in prosecuting the application for the '567 patent that the best polarizer that could be produced using Cellophane would have a dichroic ratio of not more than 2½ to 1. It is said that both of these statements cannot possibly be true and, indeed, that both are in fact false.

The District Court discussed only the statement made in prosecuting the application for the '515 patent. It found that statement not literally true. "But," it said, "from a broad consideration of the file wrapper of the patent as a whole, I believe that the statement complained of, although factually untrue, was not the result of a deliberate attempt to falsely represent the facts. I find that it did not deceive or mislead the examiner in his consideration of the patentability of the application pending before him." An examination of the record appendixes and the arguments of counsel leads us to the conclusion that the District Court's conclusion is supported by substantial evidence and is quite correct. We need not elaborate upon the matter.

As to the other representation made in prosecuting the '567 patent we conclude from an examination of the file wrapper that in context the statement was not false. Read in isolation it could be interpreted as an erroneous state-

ment of fact. But in its setting we do not believe it would have been so understood by the Patent Office Examiner in charge. Full elucidation of the reasons for our conclusion would expand this already over-long opinion to the proportions of the Book of Deuteronomy. It will suffice to say that we find the contention without merit.

Now we come to the charge that Polaroid misused its patents.

It sold three dimentional (3-D) viewers, which are spectacle-like devices which give the user the impression that a picture projected upon a screen is in three dimensions. These viewers are of two types, a temporary type and a permanent type. The former were sold for eventual use in moving picture theaters, and as they came to the theater proprietor for distribution to his audience certain restrictions were placed upon their use. These in effect were that the viewers are not to be used more than once, but after one use are to be gathered up and destroyed. The permanent type viewers were sold to manufacturers of stereoscopic equipment for resale as part of a kit for use by amateurs with a stereoscopic projector. A condition of the sale of these viewers imposed by Polaroid was that they were not to be used or resold for use in admission-charging theaters.

Polaroid justified these restrictions on the ground that reuse by the public generally might spread eye infection for which perhaps it might be held liable, and in the case of the temporary viewers, that after one use they were likely to become bent or dirty and hence lose some if not all of their effectiveness. The District Court found that there was ground for some "rational fear of infection and the spread of disease" from the indiscriminate reuse of viewers of both types by the general public which Polaroid could well feel it ought to take measures to guard against. But it also recognized that the restrictions if observed

guaranteed an expansion of Polaroid's business. "However," the court said, "on the facts of this case, where there appears to be present countervailing public policy considerations, I cannot hold that the practices employed by the defendant in connection with the sale of viewers constitute such a misuse of patents as to compel this Court in good conscience to deny the defendant relief in its counterclaim."

The matter lies primarily in the discretion of the District Court. Under the circumstances outlined above we cannot find that in this instance the court abused its discretion.

The judgment of the District Court is affirmed.

Adm. Office, U. S. Courts—Blanchard Printing Company, Boston, Mass.

Judgment

September 26, 1956.

This cause came on to be heard on the record on appeal from the United States District Court for the District of Massachusetts and was argued by counsel.

Upon consideration whereof, It is now here ordered, adjudged and decreed as follows: The judgment of the District Court is affirmed.

By the Court:

/s/ Roger A. Stinchfield
Clerk.

Order Denying Petition for Rehearing

Order of Court

October 18, 1956.

It is ordered that the petition for rehearing, filed October 11, 1956, by appellant, be, and the same hereby is, denied.

By the Court:

/s/ Roger A. Stinchfield
Clerk.

Statutes Involved

35 U. S. C. 101 (66 Stat. 797):

§101. *Inventions patentable*

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U. S. C. 102 (66 Stat. 797):

§102. *Conditions for patentability; novelty and loss of right to patent*

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U. S. C. 103 (66 Stat. 798):

§103. *Conditions for patentability; non-obvious subject matter*

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

35 U. S. C. 271 (66 Stat. 811):

§271. *Infringement of patent*

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

Affidavit of Alvin M. Marks Showing Little Likelihood of Further Litigation on Patents

STATE OF NEW YORK,
COUNTY OF NEW YORK, *ss.*:

ALVIN M. MARKS, being first duly sworn, deposes and says:

1. I am the Petitioner in this action, one of the Plaintiffs below.

2. I have been thoroughly familiar with the light polarizing material industry ever since its inception in 1934, and am thoroughly familiar with the industry today.

3. Based on my knowledge of the industry, I state that approximately 99% of all polarizing materials being made commercially (not for the U. S. government) in the United States today are being made by Polaroid Corporation, the Respondent in this action. The remaining approximately 1% would not come within the terms of the patents in suit as interpreted in this case. That is, they are not made by stretching and staining a plastic. These are made by Polacoat Incorporated, of Blue Ash, Ohio. They are said to be made by rubbing a sheet of cold glass or cold plastic, without stretching, and staining the rubbed surface.

4. There is very little, if any, likelihood of further litigation on the patents in suit.

5. Polarizing materials are important in the fields of sun glasses, photography, optical goods, gun sights, and

Affidavit of Alvin M. Marks Showing Little Likelihood of Further Litigation on Patents

many scientific instruments, all of which are important to national defense.

Alvin M. Marks

Sworn to and subscribed
before me this 11th
day of January, 1957.

(SEAL)

EILEEN LAMERSON
Notary Public

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Supreme Court of the United States

OCTOBER TERM, 1956

No. 693

ALVIN M. MARKS, PETITIONER,

v.

POLAROID CORPORATION, RESPONDENT.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

BRIEF FOR POLAROID CORPORATION IN OPPOSITION

Opinions Below

The opinion of the District Court (R. 207a-266a) is reported at 129 F. Supp. 243. The opinion of the Court of Appeals (Pet. App. 1a-19a) is reported at 237 F.(2d) 428.

Questions Presented

This is an ordinary action for patent infringement in which three of respondent's patents covering light polarizers were found valid and infringed by the District Court and the Court of Appeals.

1. As to Patent No. 2,237,567, both courts found the polarizer which it covers "outstanding not only for its high efficiency, but also for its ease of manufacture and cheapness" and "a significant advance in the art" (Pet. App. 14a). The Court of Appeals characterized petitioner's attack upon the validity of this patent as "rather half-hearted * * * both on this appeal, and apparently also in the court below," (Pet. App. 15a).

The Court of Appeals found the inventions of the other two patents, No. 2,454,515 and No. 2,328,219, the latter of which issued as a division of the former, "an exceedingly valuable contribution to the art of making polarizers" and that "there can be no serious question but that his [the inventor's] contribution constituted invention" (Pet. App. 14a). The Court of Appeals, in rejecting petitioner's attack upon the validity of these patents, said: "Counsel's argument assumes *sub silentio* that 'solid' means 'rigid' and * * * that matter cannot be 'solid' and 'elastic' at the same time. The argument rests on a play upon words" (Pet. App. 11a). Petitioner makes the same argument here.

2. Petitioner's argument that the Bailey and Brubaker patent anticipates respondent's patents is predicated upon inaccuracies and unwarranted assumptions. The Chubb memorandum (R. 271a-275a) teaches staining and stretching Vinal as much as possible (R. 275a). Petitioner incorrectly assumes that Vinal is "unplasticized vinyl acetal

resin'' (Pet. 12). Actually, Vinal, as marketed, is in the rubber-elastic state. It is so described in the '219 patent (R. 376a, col. 1, line 33 et seq.), which specifies that the term ''rubber-elastic state'' is intended to describe a condition ''where that condition is inherent in the material, for example in Vinal'' (R. 377a, col. 2, line 4 et seq.). Chubb testified that Vinal was elastic even when it contained no added plasticizer (R. 204a, 205a) and that it could best be employed without added plasticizer.

Petitioner's argument (Pet. 11) that Bailey and Brubaker teaches a process identical with that taught by the patents in suit assumes that any stretch in the ''solid'' state is ''rubber-elastic'' stretch. This is precisely the argument rejected by the Court of Appeals as based upon ''a play upon words''. Cold drawing, the type of extension taught by Bailey and Brubaker, is there defined as the application of compressive stress to the solid plastic polymer to cause ''it to *flow* in a preferred direction'' [emphasis supplied] (R. 295a, col. 2, line 50 et seq.). This is far different from rubber-elastic stretch, which the patents in suit define as stretching in an elastic condition which is closely similar to the elasticity possessed by vulcanized or cured rubber and ''without permanent distortion or alteration in the structure of the sheet'' (Pet. App. 10a).

3. Petitioner's claim that respondent's patents were obtained as the result of misrepresentations made to the Patent Office was rejected by both courts below. The Court of Appeals, in affirming the finding of the District Court that the Patent Office Examiners were not deceived or misled by any representations made during the prosecution of the patents in suit, said: '' • • • the District Court's conclusion is supported by substantial evidence and is quite correct'' (Pet. App. 17a); and, speaking of petitioner's allegation of misrepresentation, the Court of Appeals said:

"It will suffice to say that we find the contention without merit." (Pet. App. 18a)

4. With respect to petitioner's allegation of misuse, both courts found that such restrictions as respondent placed upon the reuse and sale of 3-D viewers were justified for health reasons and "public policy considerations" (R. 255a, 256a; Pet. App. 18a).

5. The question of petitioner's personal liability is presented as though petitioner participated in the infringement by Depix only as a corporate officer "through the usual relations between officer and corporation" (Pet. 3). Actually, before Depix was incorporated, petitioner built the machines on which the infringing product was later made. He devised the infringing process. He then incorporated Depix for the sole purpose of making the infringing product. He, his brother and his mother controlled all of the stock of Depix. They contributed to it all of the funds and all of the equipment used initially by it in its infringement, and petitioner supervised and directed the infringement by the corporation. This is not the usual relation between officer and corporation, but on the contrary is such activity as to make petitioner, as the Court of Appeals and the District Court held, "the 'guiding spirit' behind Depix' infringement and hence liable with it for the infringement complained of by Polaroid" (Pet. App. 16a).

There is here no conflict between Circuits. The concurrent decisions of the courts below raise no question in conflict with any decisions of this Court. No question of public importance is here presented.

This Court has repeatedly refused to grant certiorari in such ordinary patent cases as that at bar unless it be necessary to reconcile conflicting decisions of Courts of

Appeals. (*Keller* v. *Adams-Campbell Company*, 264 U.S. 314, 319; *Magnum Import Co.* v. *Coty*, 262 U.S. 159, 163)

The Patents in Suit

Three Polaroid patents are here involved.

No. 2,237,567 (R. 365a), issued April 8, 1941, covers a polarizer comprising molecularly oriented, solid polyvinyl alcohol complexed with a dichroic dye or stain and preferably with such a stain comprising iodine. This is the commercial polarizer manufactured by respondent and precisely defines the infringing Depix polarizer. The application for this patent was filed May 4, 1939.

The other two patents in suit, No. 2,328,219 (R. 371a) which issued August 31, 1943, and No. 2,454,515 (R. 381a) which issued November 23, 1948, cover polarizers comprising synthetic, linear, high polymeric plastic materials (the '515 patent) or polyvinyl compounds (the '219 patent) which have been made by making the plastic carrier rubber-elastic, stretching it substantially to the limit of its extensibility and dyeing or staining it with a dichroic dye or stain. The application for the '219 patent was divided out of the parent application for the '515 patent, which was filed in October, 1938, because that application was involved in an interference. As a result, the specifications of the '219 and '515 patents are substantially identical.

The District Court and the Court of Appeals found all three patents valid and infringed. Petitioner's argument for invalidity in the courts below was directed primarily against the '219 and '515 patents. Indeed, so far as the '567 patent is concerned, the Court of Appeals found:

> "In view of the rather half-hearted argument of the plaintiff-appellant both on this appeal, and apparently also in the court below, we see no reason to enter into

an elaborate discussion of the validity of the issue claims of this patent." (Pet. App. 15a)

Petitioner's argument for invalidity is the same here as it was in the courts below. This argument the Court of Appeals very carefully analyzed and rejected, saying:

> "The appellant's principal and basic contention can be stated in a nutshell. His counsel says in his brief that the District Court 'was in error in believing that using the words "rubber-elastic" and "limit of extension" represented any contribution or advance in the art.' And then he adds: 'No plastic has ever been stretched in any condition other than when plastic enough to be stretched, and "rubber-elastic" does not describe any condition other than this.' A careful study of the testimony in the record appendixes and the exhibits convinces us that counsel is wrong in both assertions. * * * " (Pet. App. 9a)
>
> "Counsel's argument assumes *sub silentio* that 'solid' means 'rigid' and then passes on to the further assumption that matter cannot be 'solid' and 'elastic' at the same time. The argument rests on a play upon words, for 'rigid' and 'solid' are not synonymous * * *." (Pet. App. 11a)
>
> "The testimony is that transparent, linear high polymers can exist in any one of the general states or conditions mentioned. They can be relatively hard, rigid solids * * *. And by the application in varying degrees of solvents or heat they can be made progressively to change to a 'rubber-elastic' state, to a plastic or thermoplastic state, and eventually by dissolving in the solvent or melting, to a fluid state. We think the term 'rubber-elastic' rather happily describes a perfectly recognizable state in which plastics may

> either exist commercially or be put by the application of heat or the use of solvents called plasticizers." (Pet. App. 12a)

The Court of Appeals found that the prior art did not teach rubber-elastic stretch, and held:

> "We agree with the District Court that Land's teaching was not anticipated by the prior art.
>
> "And the District Court found that stretching linear high polymeric material in the 'rubber-elastic' state to the 'limit of extension' as taught by Land (plus, of course, dyeing) produced markedly higher dichroic ratios and hence substantially better polarizers, and that his contribution to the art amounted to invention. This finding in view of our prior discussion does not warrant extended consideration. *There can be little doubt that stretch in the 'rubber-elastic' state substantially to the 'limit of extension' was an exceedingly valuable contribution to the art of making polarizers.* Thus, having concluded that Land was the first to make the contribution, *there can be no serious question but that his contribution constituted invention.*" [emphasis supplied] (Pet. App. 13a-14a)

Argument

Bailey and Brubaker

Bailey and Brubaker (R. 293a et seq.), upon which petitioner primarily relies as an anticipation of the '515 and '219 patents, was carefully considered by Judge Sweeney, who found:

> "* * * on the evidence and testimony submitted on the issue of priority between Land and Bailey and Brubaker, that Land was the first to conceive the subject matter contained in claim 12 of the '515 patent, and that as a result, the Bailey and Brubaker patent does not constitute a valid reference on the question of novelty or for any other purpose." (R. 241a)

Judge Sweeney held invalid claim 12 of the '515 patent (the claim copied by Land from Bailey and Brubaker) because it fails to call for stretching in the rubber-elastic state (R. 242a), and he also found (R. 242a) that Bailey and Brubaker does not disclose rubber-elastic stretch; rather, it discloses cold drawing or cold working which is defined in the patent as "being drawn in the solid state to substantial and permanent increase in length" (R. 296a, col. 2, line 4 et seq.).

Petitioner's assertion (Pet. 11) that Polaroid did not challenge the anticipatory effect of Bailey and Brubaker is wholly unwarranted. Respondent urged in both courts below that Bailey and Brubaker did not anticipate any of the patents in suit even if it were held that Land had not carried his date of invention back of Bailey and Brubaker. Respondent's brief in the Court of Appeals asserts:

> "Moreover, Bailey and Brubaker is no anticipation, as it fails to disclose anything with respect to stretching in the rubber-elastic state" (Brief for appellee, page 31).

The reference in the Court of Appeals decision (Pet. App. 13a) to the prior art disclosure of "cold drawing between heavy rollers", obviously a reference to Bailey and Brubaker, the sole prior art patent disclosing cold drawing, is followed immediately by the Court's statement:

> "We agree with the District Court that Land's teaching was not anticipated by the prior art." (Pet. App. 13a)

Petitioner's argument for invalidity is no more than an attempt to have this Court review concurrent findings of fact by the two lower courts. There is here no "very obvious and exceptional showing of error" such as this Court requires before it will undertake such a review. *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.*, 336 U.S. 271.

Point 1

THE POLARIZER INDUSTRY IS NOT CONCENTRATED IN A SINGLE CIRCUIT, NOR IS RESPONDENT THE SOLE SOURCE OF POLARIZERS.

Petitioner's assertion (Pet. App. 24a) that, except for respondent, the only manufacturer of polarizing materials is Polacoat, Incorporated, is in flat conflict with the findings of the District Court and with petitioner's previous testimony. The District Court found (R. 258a):

> "In the present case there is evidence that other manufacturers of synthetic light-polarizers sold their products under trademarks such as 'Herotar', 'Bernotar' and 'Magic-Vuers'."

Petitioner testified that he was himself making a layer-type polarizer not involved in this action (R. 401a).

The case at bar is not the only case in which the question of the validity of the three Polaroid patents has been raised, nor is it true that the manufacture of polarizing materials is concentrated in any single Circuit. There is

now pending in the United States District Court for the Southern District of New York an action, *Polaroid Corporation* v. *Commerce International Co., Inc. et al,* Civil Action No. 115-294, in which the defendants are charged with infringing all three Polaroid patents here in suit. In July, 1953, an action was instituted in the United States District Court for the District of Delaware, *Multiplate Glass Corporation* v. *Polaroid Corporation,* Civil Action No. 1555, in which the defendant (respondent here) counterclaimed for infringement of all three patents here in suit. A final consent decree was entered in that case on February 2, 1955, holding each of the patents valid and infringed. Respondent previously brought suit in the Southern District of New York against Polarized Products Corporation, a company formed by petitioner and his brother and of which petitioner was Research Director (R. 393a). This action, *Polaroid Corporation* v. *Polarized Products Corporation et al,* Civil Action No. 31-450, was settled by the entry of final consent decree holding Polaroid's '219 patent valid and infringed (R. 518a). Petitioner had full knowledge of this earlier suit and of the entry of the decree. He testified as a witness in that suit, and he built, owned and supervised the operation of the equipment used by Polarized Products Corporation in its infringement (R. 393a).

The question of the validity of Polaroid's patents has already been submitted to the courts in the First, Second and Third Circuits and is now raised in a suit pending in the Southern District of New York. There is thus no basis for petitioner's assertions (a) that there is only one other manufacturer of polarizing materials and (b) that there is no likelihood of the question of the validity of respondent's patents being raised in other litigation.

Even if petitioner's assertions were true, they would not, in the absence of some substantial question of public inter-

est, suggest favorable action on petitioner's application for the writ.

Point 2

THE REJECTION OF THE DEFENSE OF "MISREPRESENTATION" PRESENTS NO CONFLICT WITH ANY DECISION OF THIS COURT.

A proper understanding of the question here presented requires a far more complete statement than that made by petitioner.

The applications for the '515 and '567 patents were copending. The claims originally presented in each application were rejected on prior art, of which Preston (R. 315a et seq.) was the principal reference. In August, 1940, applicant's attorney, at a joint conference with the Patent Office Examiners from Division 15 and Division 7 at that time in charge of the two applications (R. 39a, 438a), demonstrated polarizers made by following the teachings of the prior art, including Preston's teachings, and other polarizers made by following the teachings of the '515 and '567 applications. After this conference, an amendment was filed in each case. (See the file wrappers of the '567 patent [Exhibit DD, p. 25 et seq.] and of the '515 patent [Exhibit FF, p. 61 et seq.].) The alleged misrepresentations relate to statements made in connection with these amendments.

In the '567 amendment, polyvinyl alcohol polarizers embodying the invention disclosed in that application were compared with polarizers of the prior art, and specifically with the stretched and dyed cellophane of Preston; and it was urged that the polyvinyl alcohol polarizers had dichroic ratios "in the neighborhood of 20 to 1 or 25 to 1" whereas

the dichroic ratios of the stretched and stained cellophane "were in the neighborhood of 2½ to 1" (R. 174a).

Petitioner argues that the statement in the '567 amendment is a misrepresentation because it fails to make reference to the fact that respondent in the '515 application disclosed a process for the production of cellophane polarizers with higher dichroic ratios than those of the prior art. This was the position initially taken by petitioner's expert (R. 175a et seq.), but when his attention was called to the fact that the amendment compared the prior art cellophane polarizers with the polyvinyl alcohol polarizer disclosed in the application, he conceded that the statement in the amendment was "a perfectly correct and precise statement" (R. 195a).

After the amendment containing this statement was filed and before any action by the Patent Office Examiner, a supplemental amendment was filed (Exhibit DD, p. 32 et seq.) accompanied by the affidavit of Dr. West (id., p. 34 et seq.), a chemist in the employ of respondent, which sets forth the factual basis for the representations made in the amendments. West states that by following the disclosure of the '567 application he has obtained dichroic ratios "as high as 50 to 1 and even higher". He states that by using polyvinyl alcohol dyed with Congo Red (a dye specifically mentioned by Preston) he obtained a dichroic ratio of 17 to 1 whereas Preston obtained, with cellophane and Congo Red, a dichroic ratio of 2.13 to 1 (Exhibit DD, p. 34, 35).

The Court of Appeals held that as to the

> "representation made in prosecuting the '567 patent we conclude from an examination of the file wrapper that in context the statement was not false. Read in isolation it could be interpreted as an erroneous statement of fact. But in its setting we do not believe it would have been so understood by the Patent Office

> Examiner in charge. Full elucidation of the reasons for our conclusion would expand this already overlong opinion to the proportions of the Book of Deuteronomy. It will suffice to say that we find the contention without merit." (Pet. App. 17a-18a)

In the '515 amendment, filed shortly after the August, 1940, conference, a comparison was made between the prior art polarizers of Preston and cellophane and polyvinyl compound polarizers which had been made by stretching the plastic in the rubber-elastic state substantially to the limit of its extension and then staining it, as disclosed in the '515 application. The amendment argues that the polarizers of the prior art, and specifically those disclosed in Preston, had dichroic ratios "in the neighborhood of 2 to 1 or at best 2½ to 1", and that "the dichroic ratios of the same materials, employing the same dyes but treated in accordance with the process of applicant's invention, are considerably greater, being in the neighborhood, for example, of 7 to 1 and in some cases as high as 25 to 1." (R. 172a)

During the trial, Dr. Land produced cellophane polarizers in accordance with the teachings of the '515 patent, dyed with a mercury compound and having dichroic ratios better than 25 to 1 (R. 111a). The patent specifically teaches that mercury gives "very excellent results" when used as a stain (R. 386a, col. 7, line 21).

A supplemental amendment, accompanied by an affidavit of Dr. West, was filed in the '515 application before any action by the Patent Office Examiner (Exhibit FF, p. 82 et seq., p. 101 et seq.). Here, again, the affidavit sets forth the factual basis for the assertions made in the prior amendments. West states that he obtained a dichroic ratio "as high as 7 to 1" with a dye used by Preston and with which Preston obtained a dichroic ratio of 1.58 to 1 (Exhibit FF,

pp. 102, 103). West says, also, that in cellophane polarizers made in accordance with the process of the invention of the application he obtained "dichroic ratios as high as 12 to 1 and even higher" (id.).

It is our understanding that the charge of "misrepresentation" with respect to the '515 patent is based upon the fact that the amendment filed after the conference compared a mercury-dyed cellophane polarizer made pursuant to the teachings of the patent with a cellophane polarizer dyed with a cotton dye as disclosed in Preston; and it is asserted that, since Preston did not disclose mercury as a dye, some misrepresentation was involved in the comparison (R. 191a). The District Court (R. 254a) described this defense as one meriting "little consideration". Judge Sweeney found that a study of the file wrapper of the patent established that the Examiner was not deceived or misled in his consideration of the patentability of the application (R. 254a), and the same conclusion was reached by the Court of Appeals, which said:

> "An examination of the record appendixes and the arguments of counsel leads us to the conclusion that the District Court's conclusion is supported by substantial evidence and is quite correct. We need not elaborate upon the matter." (Pet. App. 17a)

There is no conflict between the decision in the case at bar and the decisions of this Court in *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U.S. 238, and *Precision Instrument Manufacturing Co.* v. *Automotive Maintenance Machinery Co.*, 324 U.S. 806. Here there is no claim that anything was suppressed. On the contrary, the patentee was careful to make of record the facts upon which the argument for invention was based. The Examiners could not have been misled, and both lower courts so found.

Point 3

Respondent Has Not Misused its Patents.

For many years prior to 1953, respondent sold large quantities of polarizing material under the patents here in suit with no restriction whatever as to reuse or resale. Late in 1952, "a great impact was made upon the movie-going public with the showing of the first feature length 3-D movie" (R. 213a), and as a result, "a very large demand was created within the motion picture industry for 3-D viewers" (id.). Respondent then began to sell its 3-D viewers, "both the permanent and temporary types, to its distributors and other retail outlets with notices or invoices attached to the cartons containing the viewers placing certain restrictions on their use and resale" (R. 255a). The temporary viewers were sold with a restriction that they be used only once and must then be destroyed (R. 255a), and the permanent viewers were sold in small quantity and with a restriction that they not be used or resold for use in admission-charging theaters (R. 255a) A similar restriction, adopted presumably for the same reason, was employed in connection with the sale of the infringing Depix viewers (R. 555a).

Respondent urges that these restrictions were justified because reuse of the viewers in motion picture theaters created serious health hazards (R. 428a), so serious that the Chicago authorities banned the reuse of 3-D viewers (R. 431a).

Judge Sweeney found:

> "I am convinced that the reuse of these viewers, both the permanent and temporary ones, in theatres provides grounds for a rational fear of infection and the spread of disease and that the defendant might

> well have felt itself compelled to take measures to guard against this danger" (R. 255a).

For this reason he found that:

> "on the facts of this case, where there appears to be present countervailing public policy considerations, I cannot hold that the practices employed by the defendant in connection with the sale of viewers constitute such a misuse of patents as to compel this Court in good conscience to deny the defendant relief on its counterclaim." (R. 256a)

The Court of Appeals quoted with approval the above portions of the District Court's opinion and held:

> "The matter lies primarily in the discretion of the District Court. Under the circumstances outlined above we cannot find that in this instance the court abused its discretion" (Pet. App. 19a).

There is here no conflict with any decision of this Court. On the contrary, the decision reached by the courts below is squarely in accord with this Court's decision in *Ethyl Gasoline Corp.* v. *United States*, 309 U.S. 436. In that case, precautions taken to protect the public health in the handling of motor fuel containing lead, which included the requirement that notices be posted stating that the fuel was sold "for use as a motor fuel only", were approved, the Court saying: "These activities are not interfered with by the decree" (309 U.S. 460), and this despite the fact that the Court found that the health hazard there was "so small as to be negligible".

The other cases cited by petitioner present no conflict. *Bauer* v. *O'Donnell*, 229 U.S. 1; *Straus* v. *Victor Talking*

Machine Co., 243 U.S. 490; *Boston Store of Chicago* v. *American Graphophone*, 246 U.S. 8; *United States* v. *General Electric Co.*, 272 U.S. 476; *United States* v. *Univis Lens Co.*, 316 U.S. 241; and *United States* v. *Masonite Corp.*, 316 U.S. 265; all involved attempts by the patentee to fix resale prices. *Motion Pictures Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502; *Carbice Corporation* v. *American Patents Development Corp.*, 283 U.S. 27; and *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488; involved attempts by the patent owner to tie to the use of the patented device the use of other devices falling outside the patent monopoly. Neither resale price maintenance nor tie-in provisions are involved in the case at bar. Nor does this case present any conflict with *Transparent-Wrap Mach. Corporation* v. *Stokes & Smith Co.*, 329 U.S. 637, which held that a condition in a patent license requiring the licensee to assign improvement patents is not per se illegal and unenforceable.

Point 4

MARKS IS INDIVIDUALLY LIABLE FOR THE DEPIX INFRINGEMENT.

Petitioner asserts that every act performed by Marks "was a normal and usual act for an officer of a corporation" (Pet. 20). This is a singularly inaccurate characterization of Marks' activities.

Before the incorporation of Depix, Marks had designed and built equipment and machinery to manufacture the infringing light-polarizing material (R. 396a). He had developed the infringing process. He testified that the machines used by Depix to manufacture the infringing polarizing material were built by him "for the purpose of expanding our capacity, and at the time Depix Corporation was formed, the equipment was practically in

complete readiness, to start to work, and did, shortly after the formation" (R. 397a). Marks was assisted by his brother. They acted "as individuals" (R. 396a).

Depix was incorporated by Marks and his brother "when it became apparent * * * that there would be a big market for polarizing materials so that a great deal of haste was necessary to get into the field and properly so, so as to be able to exploit the field effectively" (R. 396a). Marks and his brother incorporated Depix early in February, 1953 (R. 395a). They caused Depix to institute this action against respondent on February 10, 1953 (R. 395a). All of the stock of Depix was issued to Polalite Corporation, a family corporation wholly owned by Marks, his brother and his mother (R. 414a). Depix was financed solely by funds supplied by Marks, his brother and his mother (R. 401a). Depix then had no other assets than the equipment supplied to it by Marks, the funds supplied to it by Marks and his family, and monies received from customers as advances on sales (R. 401a).

Depix manufactured the infringing polarizing material under Marks' personal direction and supervision; the process which it employed was a process developed by him; the machines and equipment which it used were machines and equipment which he designed and built (R. 402a et seq.).

On or about May 15, 1953, Marks and his brother and mother sold the stock of Polalite Corporation, Marks resigned as President of Depix and severed his connection with that company. Depix conveyed the machine for manufacturing polarizing material to a new corporation formed by Marks, Marks Polarized Corporation, and went out of business. (Answers to Defendant's Interrogatories 16, 22 and 27; R. 439a, 440a, 443a, 444a.)

At the time Marks built the equipment and set up the process used by Depix in its infringement, he had full knowledge of the Polaroid patents. He testified that he

had been familiar with them "ever since they were issued" (Exhibit C, p. 206). Polaroid had previously brought suit against Polarized Products Corporation and Noma Electric Corporation on the '219 patent, and this suit was terminated by the entry of a final consent decree in July, 1947, holding the patent valid and infringed (R. 518a). Marks and his brother had incorporated Polarized Products Corporation. Marks had designed and built the machines used by that corporation in its infringement. He had owned those machines and leased them to that corporation, had directed its infringement as Director of Research, and had testified in that earlier suit (R. 393a-395a). After the consent decree, Marks had acquired the equipment used in the infringement (R. 394a). He had rebuilt it and was using it in his home when he decided to incorporate Depix and enlarge his infringement (R. 395a, 396a, 409a).

The Record thus paints a far different picture from that of the ordinary "corporate employee who spark-plugs a new product for his company" (Pet. 25). Here, Marks developed the infringing product, he designed the machines and set up the process for its manufacture before the corporate infringer was organized. He then caused the corporate infringer to be organized to escape the responsibility for his infringing acts. He provided the corporate infringer with no assets other than the machines which he had developed and some monies of his own. When the infringement became substantial, he sold out his interest in and severed his connection with the corporate infringer, pocketing the profits made from the infringement and reacquiring the equipment employed by the corporate infringer. This is activity and control of the infringement far beyond that of any "normal corporate officer or employee", and it makes Marks individually liable under any theory.

"The Court of Appeals found that Marks "individually, was the moving, active conscious force behind Depix' infringement" (Pet. App. 16a).

There is no conflict between this decision and *Dangler* v. *Imperial Machine Co.*, 11 F.(2d) 945, or any of the other cases cited by petitioner.

In *Ruggles-Coles* v. *McGann Engineering Co.*, 34 F.(2d) 519, affd. 41 F.(2d) 1005; *Claude Neon Lights, Inc.* v. *American Neon Light Corp.*, 39 F.(2d) 548; *Schiff* v. *Hammond Clock Co.*, 69 F.(2d) 742; *General Motors* v. *Provus*, 100 F.(2d) 562; *Adventures In Good Eating, Inc.* v. *Best Places to Eat, Inc.*, 131 F.(2d) 809; and *Weller Mfg. Co.* v. *Wen Products Inc.*, 231 F.(2d) 795, individual defendants were held personally liable on facts less persuasive than those here.

Claude Neon Lights v. *American Neon Light* (supra) makes clear that there is no such conflict between the cases as petitioner urges. In that case, *Dangler* and *National Cash Register* v. *Leland*, 94 Fed. 502, asserted by petitioner to be in conflict, were both cited with approval.

In *Weller Mfg. Co.* v. *Wen* (supra), a recent decision by the court which decided the *Dangler* case, an individual defendant who was, like Marks, "at all times in control of the administrative and managerial policy of the corporation" and who designed the infringing gun with knowledge of plaintiff's device, was held liable "under our decisions in * * * *Dangler* v. *Imperial Machine Co.* * * * " (231 F.(2d) 801).

Conclusion

This case presents no conflict and raises no question of public importance.

The decision of the court below is correct and is in accord with the decisions of this Court. The petition for a writ of certiorari should be denied.

Respectfully submitted,

DONALD L. BROWN
730 Main Street
Cambridge, Mass.
Attorney for Respondent

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